

# ARIZONA STATE SENATE

## RESEARCH STAFF



TO: MEMBERS OF THE SENATE  
APPROPRIATIONS COMMITTEE

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SUBJECT: Strike everything amendment to H.B. 2233, relating to improvements; schools; operation

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### Purpose

Requires, beginning January 1, 2029, a school district school that is assigned an F letter grade for three years to initiate a collaborative operational and instructional partnership (collaborative partnership) or be assigned a solutions team as outlined. Establishes the Expanding Excellent Schools Fund (Excellent Schools Fund) to seed high-quality schools in Arizona. Establishes, through January 1, 2029, the Operation Excellence School Improvement Program (Operation Excellence), requiring certain district and charter schools to engage in improvement plans as prescribed. Appropriates \$58,000,000 and seven full-time equivalent positions from the state General Fund in FYs 2023 through 2025 for Operation Excellence funding and administration.

### Background

The Arizona Department of Education (ADE) must annually compile an achievement profile for each school, school district and charter holder, subject to specified exemptions, that includes at least outlined academic and educational performance indicators. The A through F letter grade system adopted by the State Board of Education (SBE) must be applied to each performance indicator and the SBE must assign each school or local education agency an overall letter grade ([A.R.S. § 15-241](#)).

Corrective actions for a school that is assigned a D or F letter grade include: 1) development of an improvement plan; 2) assigning a solutions team to a school operated by a school district (district school); 2) replacing the management of a district school with a governmental or private organization; and 3) revoking a charter. The SBE may also approve, for certain school districts, an alternative operation plan allowing a governmental or private organization to manage the school district's affairs (A.R.S. §§ [15-241.01](#) and [15-241.02](#)).

The Arizona Public School Credit Enhancement Program (Credit Enhancement Program) assists achievement district schools approved by the Credit Enhancement Eligibility Board (Credit Enhancement Board) in obtaining favorable financing for capital facilities by guaranteeing the payment of principal and interest on debt obligations issued by or on behalf of the school ([A.R.S. 41, Chapter 56, Article 11](#)). To qualify as an achievement district school, a school must have: 1) an A letter grade; 2) at least three years of proven instructional strategies and curricula demonstrating high academic outcomes; 3) a verifiable enrollment demand; 4) a sound financial plan that contemplates operational costs and future enrollment growth; 5) shown a commitment to provide technical assistance to an underperforming school in Arizona; and 6) any other criteria established by the Credit Enhancement Board ([A.R.S. § 41-5841](#)).

The strike-everything amendment appropriates \$58,000,000 and seven full-time equivalent positions from the state General Fund in FYs 2023 through 2025 for Operation Excellence funding and administration.

Provisions

*School Accountability for District Schools*

1. Directs, beginning January 1, 2029, the SBE to require a district school assigned an F letter grade for three consecutive years that has not demonstrated student growth at a rate higher than Arizona to select to either:
  - a) be assigned a solutions team and an alternative operation plan; or
  - b) initiate a collaborative partnership as outlined.
2. Directs the SBE to require a district school that selects a collaborative partnership to initiate the partnership with:
  - a) a school that is assigned an A letter grade; or
  - b) an organization that has demonstrated increasing academic achievement with students similar to the student demographic population of the school.
3. Requires the SBE, for a school that selects to be assigned a solutions team, to direct the SPI and the county educational service agency to collaboratively assign a solutions team and hold a public hearing to provide an alternative operation plan for the school as statutorily-outlined.
4. Requires a collaborative partnership to address:
  - a) a school improvement framework that has demonstrated success in like populations;
  - b) identified focus on guaranteed and viable curriculum;
  - c) professional development for improvement in pedagogy and content;
  - d) evidence of a focus on data-driven decisions; and
  - e) identified focus on development of site leaders.
5. Requires the SBE to allow for a variety of options in collaborative partnership selection and development and prohibits the SBE from prescribing the scope of the partnership.
6. Directs the SBE to review and approve a collaborative partnership plan.
7. Authorizes the SBE to establish a subcommittee to make recommendations to the SBE regarding the collaborative partnership that includes:
  - a) SBE members;
  - b) members of the local school community,
  - c) representatives of ADE;
  - d) the county school superintendent of the county in which the school is located; or
  - e) other members as determined by the SBE.

*Arizona Expanding Excellence Fund (Excellence Fund)*

8. Establishes the Excellence Fund, administered by the Arizona Department of Administration (ADOA) at the direction of the Credit Enhancement Board, to seed high-quality schools in Arizona.
9. Specifies that the Excellence Fund consists of legislating appropriations, gifts, grants, donations and any other monies transferred to the fund.

10. Authorizes the Credit Enhancement Board to direct ADOA to make grants from the Excellence Fund for any of the following purposes:
  - a) seeding the expansion of approved achievement district schools to serve more students in low-income communities that do not have access to a high-quality school;
  - b) seeding innovative collaborations between achievement district schools and other schools in low-income communities to improve student academic outcomes;
  - c) incentivizing the expansion of high-quality schools in low-income communities in this Arizona for students that do not have access to a high-quality school; and
  - d) supporting collaborative school partnerships.
11. Directs ADOA, at the direction of the Credit Enhancement Board, to adopt any rules, policies and procedures necessary for Excellent Schools Fund administration.
12. Authorizes the ADOA to accept and spend federal monies and private grants, gifts, contributions and devises to assist in carrying out the purposes of the Excellence Fund.
13. Specifies that Excellence Fund monies are continuously appropriated and exempt from lapsing.
14. Defines *high-quality school* as a school that has been assigned an A or B letter grade.

#### ***Operation Excellence Schools***

15. Establishes Operation Excellence, beginning FY 2023, to improve academic outcomes and opportunities for all students in eligible schools and repeals Operation Excellence on January 1, 2028.
16. Directs the SBE, beginning January 1, 2023, to designate, as an Operation Excellence school (designated OE school), a district school or charter school that:
  - a) received a D or F letter grade during both FY 2019 and FY 2022; or
  - b) is not eligible to receive or has not been assigned a letter grade and that ADE has identified, in the prior or most recent fiscal year, as requiring comprehensive support and improvement for low achievement in accordance with the Every Student Succeeds Act (ESSA).
17. Allows a school to opt to participate in Operation Excellence (voluntary OE school), and notify the SBE by January 30, 2023, if the school district or charter holder operating the school has been either:
  - a) assigned a C, D or F letter grade during FY 2019 or FY 2022, and at least 60 percent of the enrolled pupils included in the school's student count are eligible for free or reduced-price lunches (FRPL) or other school programs dependent on a poverty measure, including the community eligibility provision; or
  - b) identified by ADE, in the prior or most recent fiscal year, as a school requiring comprehensive support and improvement for low achievement in accordance with ESSA.
18. Specifies that a charter school participating in Operation Excellence is not immune from or otherwise protected against the charter school's sponsor revoking the charter during the duration of participation.

***Operation Excellence Improvement Fund***

19. Establishes the School Achievement Improvement Fund (Improvement Fund), administered by ADE at the direction of the SBE and consisting of legislative appropriations, gifts, grants, donations and any other transferred monies.
20. Appropriates, from the state General Fund in each of FYs 2023 through 2025:
  - a) \$58,000,000 to the Improvement Fund; and
  - b) seven full-time equivalent positions to the SBE for Operation Excellence administration.
21. Authorizes the SBE, in each of FYs 2023 through 2025, to use up to \$1,000,000 of appropriations to the Improvement Fund to administer Operation Excellence.
22. Directs ADE, for FYs 2024, 2025 and 2026, to distribute at the SBE's direction, from the Improvement Fund to school districts and charter schools that engage in school improvement, \$150 per student enrolled in the current year.
23. Sets, at \$30,000, the minimum total funding amount for a school that is eligible to receive small school weight funding.
24. Requires a school district or charter holder to spend Improvement Fund monies at, and for, the benefit of a qualifying school site and separately account for the monies in the annual financial report.
25. Requires schools that receive Improvement Fund funding to implement evidence-based, proven strategies to increase academic proficiency and growth.
26. Directs ADE to disburse funding for that fiscal year only on the SBE's approval of the school's improvement plan and requires the SBE to annually direct ADE to provide the payments to schools that are in compliance with Operation Excellence requirements on July 1.
27. Requires ADE, if the appropriated amount is not sufficient to fully pay each school, to first fund all designated OE schools and then allocate funding for voluntary OE school sites proportionately, per student.
28. Specifies that Improvement Fund monies are continuously appropriated and exempt from lapsing, except that monies remaining on December 31, 2029, revert to the state General Fund.
29. Allows ADE to accept and spend federal monies and private grants, gifts, contributions and devises to assist in implementing Operation Excellence.

***Operation Excellence Improvement Plans***

30. Requires the governing board or charter holder of a designated OE school to establish an operation excellence committee (OE Committee) composed of at least:
  - a) the school district superintendent or the identified charter school's chief administrative officer;
  - b) the identified school's principal; and
  - c) at least one parent of a child who attends the school and at least one teacher from the school.

31. Stipulates that the number of parents and teachers on the OE committee must be equal.
32. Requires, by March 1, 2023, a school district or charter holder of a voluntary OE school and the OE Committee of a designated OE school to submit to the SBE an improvement plan to improve student outcomes.
33. Requires a voluntary OE school's improvement plan to identify a mentor to assist with academic achievement who:
  - a) is a current or former school leader with a demonstrable record of leading a successful school improvement effort; and
  - b) commits to providing regular check-ins and advice to the participating school leader whom the person is mentoring.
34. Specifies that an improvement plan may include targeted academic interventions, professional development, adaptive technology or other evidence-based, proven strategies to close the achievement gap.
35. Allows the governing board of a designated OE district school to apply to the SBE for a waiver of statutes governing school employees and teacher certification for the improvement plan's duration by identifying the applicable provisions and explaining the reasons for exemption.
36. Requires an Operation Excellence improvement plan for a school district with an existing improvement plan on file with ADE to attempt to align with or expand on the existing improvement plan.
37. Requires the SBE to:
  - a) review and approve improvement plans within 90 days after submission;
  - b) annually review each improvement plan and require any modifications; and
  - c) consult and engage with school improvement experts that have proven to be successful in Arizona to develop an evidence-based model framework for school improvement.
38. Requires the SBE to assist an Operation Excellence school in:
  - a) collecting and analyzing student achievement data;
  - b) recommending changes to improve student achievement;
  - c) monitoring improvement plan implementation; and
  - d) providing implementation support for the improvement plan.

***Operation Excellence Partners***

39. Directs the SBE to, by January 1, 2023, identify through a request for proposals approved independent school improvement partners (independent partners) for inclusion on a partner network list.
40. Requires the SBE to award contracts to independent partners that have:
  - a) a credible track record of improving student academic achievement in public schools with various demographic characteristics as measured by statewide assessments;
  - b) experience designing, implementing and evaluating data-driven instructional systems in public schools;

- c) experience coaching public school administrators and teachers on designing and implementing data-driven school improvement plans; and
  - d) experience delivering high-quality professional development and coaching in instructional effectiveness to public school administrators and teachers.
41. Requires a school district or charter holder of a designated OE school to select from the partner network list to implement the improvement plan in partnership with the OE committee.
  42. Directs the OE committee of a designated OE district school to inform the SBE which approved independent partner or partners will implement the improvement plan.
  43. Allows an Operation Excellence school that is not demonstrating student academic growth or is otherwise dissatisfied with a contracted independent partner's services to submit to the SBE a request to cancel that contract and select a different independent partner on SBE approval.
  44. Deems a state agency, or subsidiary of the state agency, that meets independent partner criteria to be eligible for inclusion on the partner network list.

***Operation Excellence Administration and Reporting***

45. Allows the SBE to adopt rules, policies and procedures to carry out Operation Excellence, including rules to establish an appeals process for a school that does not receive approval of its improvement plan.
46. Requires, by June 1, each school that received Improvement Fund monies in the prior fiscal year to annually submit a report to the SBE describing how the improvement plan has improved student academic achievement.
47. Authorizes the SBE to:
  - a) request additional information or data to be included in the reports; and
  - b) require additional reports throughout the year to assess a school's progress.
48. Directs the SBE, if an improvement plan or annual report is not submitted, to withhold Improvement Fund monies until the plan or report is submitted.
49. Requires the SBE, by October 1 of 2024, 2025 and 2026, to compile each school's report and provide the information to:
  - a) the Joint Legislative Budget Committee;
  - b) the Governor's Office of Strategic Planning and Budgeting; and
  - c) the Chairpersons of the House of Representatives and Senate education committees, or their successor committees.
50. Requires the SBE, by December 1, 2027, to submit a final report on Operation Excellence, and provide a copy to the Secretary of State, to the:
  - a) Governor, President of the Senate and Speaker of the House of Representatives;
  - b) the Joint Legislative Budget Committee; and
  - c) the Governor's Office of Strategic Planning and Budgeting.

51. Prescribes the following information for inclusion in the Operation Excellence final report:
  - a) the participating schools and independent improvement partners;
  - b) the academic progress of students in participating schools; and
  - c) any other information necessary to evaluate the effectiveness of Operation Excellence.

*Miscellaneous*

52. Authorizes a charter school that is approved as an achievement district school to expand to serve more students by applying to the charter sponsor:
  - a) for an enrollment cap increase through an expedited process the sponsor establishes; or
  - b) to establish a new school through an expedited process the sponsor establishes.
53. Requires the expedited process established by the Arizona State Board for Charter Schools (AZSBCS) to:
  - a) require an enrollment cap increase application to be reviewed and acted on within 30 days after submission;
  - b) require only the approval of the AZSBCS Executive Director, except that if the Executive Director denies the application, the application must be transmitted to the AZSBCS for final determination; and
  - c) reduce unnecessary and duplicative paperwork requirements.
54. Specifies that a charter school applying under an expedited process is not required to submit:
  - a) more than a one full-page narrative explaining the rationale for growth; or
  - b) an enrollment matrix and staffing chart.
55. Specifies that a charter school sponsor's action required to restore a charter school assigned an F letter grade to acceptable performance is according to a process the charter sponsor establishes.
56. Requires, rather than allows, the School Facilities Division to review or audit, or both, the prescribed information a school district annually submits as required by the Division and the School Facilities Oversight Board for administration of the Building Renewal Grant Fund.
57. Makes technical and conforming changes.
58. Becomes effective on the general effective date, retroactive to July 1, 2022.